

An organization created by representatives of both labor and management to select individuals for apprentice training, arrange their classroom and on-the-job training, and provide books and supplies used in the training, is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

An organization created by representatives of both labor and management to conduct an industry wide apprentice training program in a certain city has applied for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was created as a result of a bargaining agreement and is operated under the joint trusteeship of representatives of both labor and management. Interested individuals make application to the organization to enroll in the training program. The trustees select individuals for the training program from the applicants, arrange for their classroom and on-the-job training, and provide the books and supplies used in the training. Upon completion of the training the individual is qualified to seek employment as a journeyman anywhere in the industry. The organization has no other activities.

The bargaining agreement provides for the organization to be supported by contributions from both labor and management. It receives funds from no other source.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations that are 'organized and operated exclusively' for charitable or educational purposes.

Section 1.501(c)(3)-1(d) of the Income Tax Regulations includes within the definition of the term 'charitable,' the advancement of education and within the definition of the term 'education,' the training of the individual for the purpose of improving or developing his capabilities.

By selecting individuals for an apprentice training program which it conducts and by providing the necessary books and supplies, the organization is assisting in the training of individuals for the purpose of improving or developing their capabilities. Accordingly, the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

Compare Revenue Ruling 59-6, C.B. 1959-1, 121, which holds that an apprenticeship committee, organized primarily to establish standards of employment concerning apprentices in various skilled crafts, determine the qualifications necessary to become a journeyman, aid in adjusting and settling disputes between the employer and the apprentice, and cooperate with the local board of education in establishing supplementary classroom instruction pertaining to the apprentice's vocation, is exempt from taxation as a labor organization under section 501(c)(5) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.